



State of Utah
Department of Commerce
Division of Real Estate

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MEDIA ALERT

Real Estate Division Issues Guidelines for Non-traditional Mortgages

"Recent rise in delinquency rates puts more homeowners at risk for foreclosure"

(For immediate release...)

SALT LAKE CITY, Utah – Derek B. Miller, Director of the Utah Division of Real Estate, announced today that the Division has issued a set of regulatory "best practices" covering marketing of non-traditional mortgages by state-licensed mortgage brokers and companies. These products include interest-only mortgages and payment option adjustable-rate mortgages (ARMS) which allow borrowers to exchange lower payments during an initial period for higher payments later for the life of the mortgage.

"While innovative mortgage loans are welcome in our free market system, we are concerned that some loans are being offered to consumers who don't fully understand the risks," said Derek B. Miller, Director of the Division of Real Estate, "When those higher payments kick in, many homeowners aren't financially prepared and face losing their homes."

Non-traditional mortgage products have become increasingly common across the country in recent years. In October 2006, federal regulators issued guidance on these types of loans to banks, thrifts, and credit unions. The Division of Real Estate's "best practices" reflects the federal guidance and applies to Utah mortgage brokers and companies. The Division currently licenses and regulates more than 11,000 mortgage brokers and 2,400 mortgage companies.

"The risk to consumers is the same whether the mortgage is offered by a bank loan officer or a mortgage broker," Miller said, "This guidance will level the playing field in the mortgage market and protect consumers from signing up for high-risk loans without understanding all of the risks involved."

These best practices were developed in cooperation with the Conference of State Bank Supervisors (CSBS) and the American Association of Residential Mortgage Regulators (AARMR). Director Miller commented that CSBS and AARMR's goal is for all states to adopt the guidance so that consumers will be equally protected and all originators of residential mortgages will be subject to similar guidelines.

The complete guidance document can be found on the Division of Real Estate website at www.realestate.utah.gov, under "Services/Publications".

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